

113TH CONGRESS  
1ST SESSION

# S. 1375

To require a portion of closing costs to be paid by the enterprises with respect to certain refinanced mortgage loans, and for other purposes.

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IN THE SENATE OF THE UNITED STATES

JULY 25, 2013

Mr. MERKLEY introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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## A BILL

To require a portion of closing costs to be paid by the enterprises with respect to certain refinanced mortgage loans, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Rebuilding Equity Act  
5       of 2013”.

6       **SEC. 2. REBUILDING EQUITY PROGRAM.**

7           (a) ESTABLISHMENT OF VOLUNTARY PROGRAM.—

8              (1) ESTABLISHMENT.—

9                  (A) PAYMENT OF CLOSING COSTS.—The  
10                 Federal National Mortgage Association and the

1           Federal Home Loan Mortgage Corporation (in  
2           this Act referred to as the “enterprises”) shall  
3           each establish a voluntary program for bor-  
4           rowers described in paragraph (2), under which  
5           the enterprises shall pay \$1,000 toward the  
6           closing costs associated with applying for and  
7           receiving the refinancing when the borrower  
8           agrees to refinance into a fully amortizing loan  
9           with a term of not longer than 20 years.

10           (B) FIRST YEAR OF PROGRAM.—During  
11           the 12-month period that begins on the date of  
12           enactment of this Act, the amount of the clos-  
13           ing costs that each enterprise shall pay under  
14           the program shall not vary based on the term  
15           of the mortgage that the borrower agrees to re-  
16           finance into.

17           (C) SUBSEQUENT YEARS.—

18               (i) ANNUAL RECALCULATION OF  
19               CLOSING COSTS PAYMENT.—Upon the ex-  
20               piration of the 12-month period set forth  
21               under subparagraph (B), and for each of  
22               the next two 12-month periods thereafter,  
23               the Director of the Federal Housing Fi-  
24               nance Agency—

5 (aa) by an amount that re-  
6 sults in such program being rev-  
7 enue neutral for such 12-month  
8 period; and

9 (bb) based on economic con-  
10 ditions generally affecting the  
11 mortgage and housing markets;  
12 and

1                   cial Services of the House of Representa-  
2                   tives.

3                   (2) ELIGIBLE BORROWERS.—The program re-  
4                   quired by paragraph (1) shall be for any borrower—

5                         (A) who qualifies for the Home Affordable  
6                         Refinance Program carried out by the enter-  
7                         prises;

8                         (B) whose subject property has a loan-to-  
9                         value ratio of not less than 105 percent; and

10                         (C) who refinances from a loan with an  
11                         original term of 30 years to a loan with a term  
12                         of 20 years or less.

13                   (b) SUNSET.—Each voluntary program under this  
14                   section shall terminate on the date that is 3 years after  
15                   the date of establishment of such program.

16                   (c) DEFINITIONS.—As used in this section, the fol-  
17                         lowing definitions shall apply:

18                         (1) LOAN-TO-VALUE RATIO.—The term “loan-  
19                         to-value ratio” means the ratio of the amount of the  
20                         primary mortgage on a property to the value of that  
21                         property.

22                         (2) CLOSING COSTS.—The term “closing  
23                         costs”—

1                             (A) means all reasonable and actual costs  
2                             charged to the borrower by a third party to the  
3                             refinancing transaction;

4                             (B) includes—

5                                 (i) appraisal and inspection fees;  
6                                 (ii) fees associated with obtaining a  
7                             borrower's credit report;  
8                                 (iii) title insurance and title examina-  
9                             tion costs;

10                                 (iv) attorneys' fees associated with  
11                             closing the transaction, other than attor-  
12                             neys' fees associated with disputes arising  
13                             out of the transaction or otherwise ancil-  
14                             lary to closing the transaction;

15                                 (v) document preparation costs, if  
16                             completed by a third party not controlled  
17                             by the lender;

18                                 (vi) transfer stamps, recording fees,  
19                             courier fees, wire transfer fees, and re-  
20                             conveyance fees; and

21                                 (vii) test and certification fees; and

22                             (C) does not include any costs charged to  
23                             the borrower by the lender, including—

24                                 (i) lender application fees; and

1 (ii) lender origination fees.

